

# Agricultural Situation

OCTOBER 1960  
VOL. 44, No. 10

Agricultural Marketing Service  
U.S. Department of Agriculture

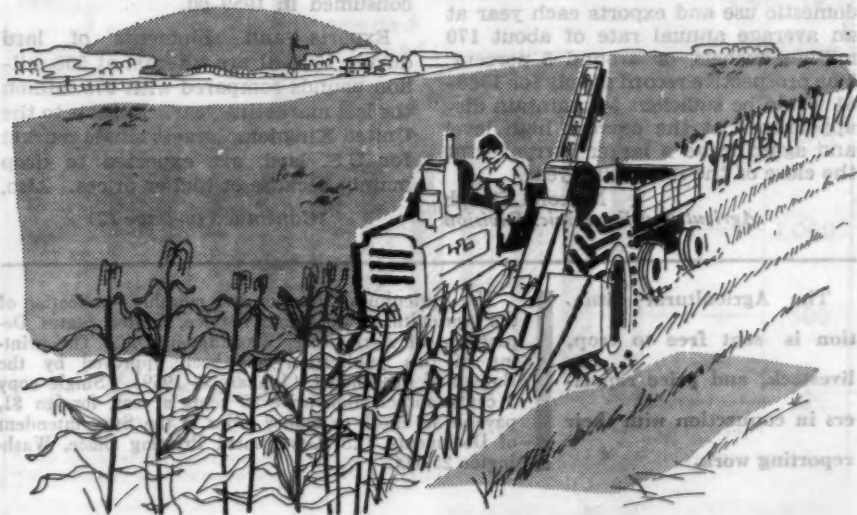
## CORN SUPPLY TO REACH SIX-BILLION BUSHEL MARK

The total corn supply for 1960-61 is expected to reach 6 billion bushels for the first time in history. This record supply follows 3 decades of rising yields and a number of years of increasing stocks.

The 1960 crop, estimated in September at about 4.2 billion bushels, is a little below the record crop last year. The carryover into 1960-61 is expected

to total over 1.8 billion bushels bringing the total supply to a little over 6 billion bushels.

The 1960 corn crop got off to a late start and has been behind schedule through the growing season. There is more variation than usual between the early and late planted fields. Even with normal weather this fall, there is likely to be more than the usual quantity of low-quality corn.



## CORN—Continued

Farmers plan to harvest corn from about 84 million acres this year, nearly a million less than in 1959, but 7 million acres more than the 1954-58 average. In that period the corn allotment and Acreage Reserve Program reduced corn acreage. Yields for the entire country are expected to average 50 bushels per acre this year, slightly below the high yields of 1958 and 1959, but higher than in any year prior to 1958. In the past 20 years corn yields have risen about 75 percent. The 4.2 billion-bushel crop this year will be produced on a little smaller acreage than the 2.5 billion-bushel crop of 1940.

Domestic use and exports of corn have been increasing along with production in recent years. In the 1959-60 marketing year total consumption of corn set a new record high of about 4.0 billion bushels, a billion more than 5 years ago. Heavier consumption by livestock accounted for most of this increase. Farmers fed around 3.5 billion bushels of corn to livestock and poultry in 1959-60—900 million more than 5 years earlier. Exports also increased sharply during these years from around 100 million in 1954-55 to about 230 million in 1959-60.

But the increase in corn disappearance in recent years has failed to keep pace with rising production. Since 1952, production has exceeded total domestic use and exports each year at an average annual rate of about 170 million bushels, or around 5 percent. The prospective record supply for 1960-61 would be sufficient to maintain disappearance at the current high level and again leave a larger carryover at the close of the marketing year.

Malcolm Clough  
*Agricultural Economics Division*

## LARD PRICES HIGHER IN 1960-61

Production of lard during 1960-61 is expected to drop, resulting in (1) higher lard prices, (2) less lard used in the manufacture of shortening, and (3) reduced exports.

Lard output (including farm) in the marketing year which began October 1, 1960, is forecast at 2,550 million pounds, about 7 percent less than in 1959-60.

Most of the decrease from the previous year will take place during October-March 1960-61, the first half of the marketing year, and will result from a prospective decline in hog slaughter this fall and winter.

Domestic disappearance of lard in 1960-61 is forecast at 2,000 million pounds, down slightly from the previous year. The drop would mainly reflect reduced consumption of lard in the manufacture of shortening.

The direct use of lard as such has been relatively stable during the past 5 or 6 years at around 1.6 billion pounds, representing about 75 percent of total domestic consumption, and this rate is expected to continue during 1960-61. This would leave around 400 million pounds for use in shortening manufacture, about 100 million less than that consumed in 1959-60.

Exports and shipments of lard during 1960-61 are forecast at 550 million pounds compared with 675 million the last marketing year. Exports to the United Kingdom, largest single market for U.S. lard, are expected to drop mainly because of higher prices. Also,

*(Continued on page 12)*

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

The Agricultural Situation is a monthly publication of the Agricultural Marketing Service, United States Department of Agriculture, Washington, D.C. The printing of this publication has been approved by the Bureau of the Budget (January 8, 1959). Single copy 5 cents, subscription price 50 cents a year, foreign \$1, payable in check or money order to the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

# CIGARETTE OUTPUT IN 1960 FORECAST AT RECORD 512 BILLION

Cigarette output in 1960 is estimated at a record 512 billion—22 billion higher than in 1959 and 100 billion above 1955.

The use of leaf tobacco has not kept pace with increases in cigarette output. With newer methods of processing, a pound of tobacco leaf on the average yields a larger number of cigarettes than formerly. Also, the amount of tobacco in filter tip cigarettes tends to be smaller than in the nonfilter tip cigarettes. This year, probably over one-half of all cigarettes are filter tip.

In 1961 cigarette output is likely to top the 1960 record. Cigar and cigarillo production will probably continue to increase.

The 1960 consumption of cigars and cigarillos may total 7,160 million—nearly 200 million above 1959 and the most since 1923 when 7,440 were smoked.

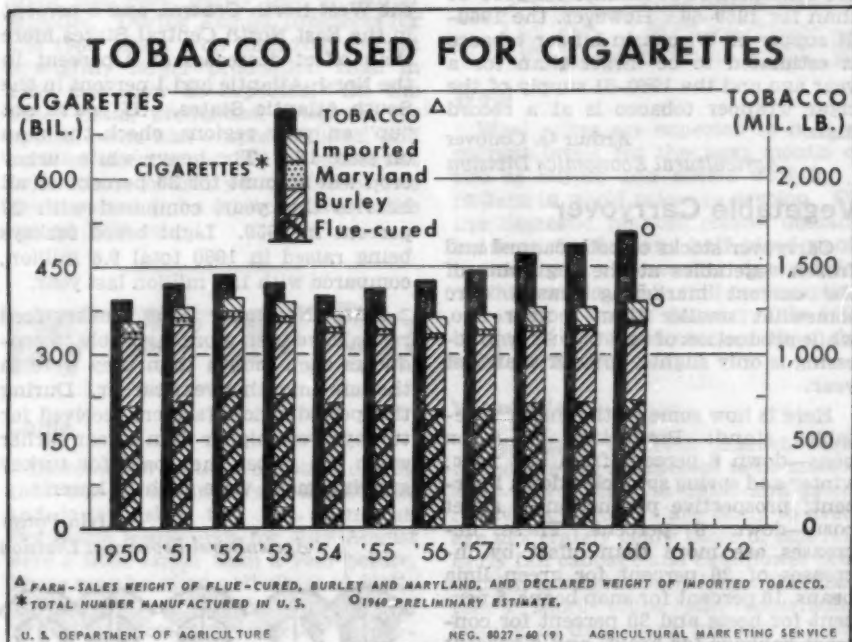
Output of smoking tobacco for pipes and "roll-your-own" cigarettes this year is expected to total 73 million

pounds—practically the same as last year but a third less than 10 years ago. Early indications point to a small increase in pipe tobacco, but this was offset by a decline in tobacco used for "roll-your-own" cigarettes.

The 1960 output of chewing tobacco is estimated at 65 million pounds—3 million below 1959 and lowest on record. Production of snuff in 1960 is likely to be about 35½ million pounds—up 1 million from 1959 but third lowest in many years.

This year, consumers will spend about 7½ billion dollars on tobacco products—one-half billion dollars more than in 1959. A large part of this goes for taxes. In fiscal year 1959-60, the Federal, State and local Governments collected over 2.9 billion dollars in taxes on tobacco products. Grower's cash receipts from the sale of tobacco leaf last year were a little less than 1.1 billion dollars.

This year our exports of tobacco are estimated at close to 525 million pounds



## TOBACCO—Continued

(farm-sales weight)—about the same as in 1959 but around 25 million less than the 1949-58 average.

The 1960 price supports for the eligible kinds of tobacco are the same as in 1959. If the parity index remains near its recent level for the rest of 1960, the 1961 price support levels will be practically unchanged from 1960 and 1959. The parity index is the index of prices paid by farmers, including interest, taxes and wage rates.

The 1960-61 total supply of flue-cured (this year's crop plus the carryover) is estimated to be slightly above 1959-60, but a tenth lower than the record high level of 4 years ago. Prices for 1960 flue-cured were near or above last year and less went under Government loan. The 1960-61 total supply of burley has declined a little from a year ago according to early indications, and is probably 8 or 9 percent lower than the peak level of 1954-55.

The total supplies of Maryland tobacco, fire-cured tobacco, dark air-cured tobacco, cigar filler and Connecticut Valley cigar binder tobacco are estimated to be smaller for 1960-61 than for 1959-60. However, the 1960-61 supply of Wisconsin binder tobacco is estimated to be larger than for a year ago and the 1960-61 supply of the cigar wrapper tobacco is at a record high.

Arthur G. Conover

*Agricultural Economics Division*

## Vegetable Carryover

Carryover stocks of both canned and frozen vegetables at the beginning of the current marketing season were somewhat smaller than a year ago, while production of vegetables for processing is only slightly greater than last year.

Here is how some of the major vegetables stand: Production of green peas—down 8 percent from last year; winter and spring spinach—down 1 percent; prospective production of sweet corn—down 8 percent. These decreases are more than offset by increases of 26 percent for green lima beans, 16 percent for snap beans, 5 percent for beets and 30 percent for contract cabbage for kraut, and 6 percent for tomatoes.

## RECORD TURKEY CROP

Producers are raising a record 82.3 million turkeys this year. They raised 82.1 million birds in 1959, which was the previous record.

The number of heavy breed turkeys being raised is up 9 percent from last year with heavy white breeds up 19 percent and bronze and other heavy breeds up 5 percent. Light breed turkeys, which account for only 12 percent of the crop this year, are down 37 percent from 1959.

Minnesota leads the turkey producing States with 14.4 million birds. Rounding out the five leading States are California, with 14 million, Iowa with 7.7 million, Virginia with 4.4 million, and Missouri with 4.3 million.

### More Heavy Birds . . .

About 72.6 million heavy breed turkeys are being raised compared with 66.6 million a year ago. Increases of 22 percent in the South Central, 12 percent in the Western, 9 percent in the West North Central, and 5 percent in the East North Central States more than offset decreases of 9 percent in the North Atlantic and 1 percent in the South Atlantic States. (If you're not "up" on your regions, check the map on page 16.) The heavy white turkey crop will account for 30 percent of all heavies this year, compared with 27 percent in 1959. Light breed turkeys being raised in 1960 total 9.8 million, compared with 15.5 million last year.

Since November 1959, turkey-feed ratios have been more favorable to producers each month than they were in the same month a year earlier. During this period, prices farmers received for turkeys were higher than a year earlier while the prices they paid for turkey growing mash were slightly lower.

Alvin Potter

*Agricultural Economics Division*







## Soybeans

Farm prices of soybeans during the heavy harvesting season likely will decline, averaging a little below the \$1.97 per bushel received during the fall of 1959. Later in 1960-61 marketing year, a fairly good seasonal rise is likely if crusher and export demand is strong, as presently anticipated.

## Fruit

Total production of deciduous fruits is still expected to be down about 7 percent from the large 1959 crop but 3 percent above the 1949-58 average. Prices received by growers for most fruits on the fresh market in early September averaged somewhat higher than last year, partly due to lighter supplies. During August, prospects for the 1960 peach crop improved so that a slightly larger production than in 1959 may now be expected. On the other hand, production prospects for apples, pears and grapes declined, and each of these crops will be somewhat below those of last year. Cranberries are expected to be 4 percent above the record 1959 crop.



## Cattle

Increases in cattle production during 1960 will result in larger marketings and lower prices this fall than last. Fed cattle marketings for July-August were a little larger than a year before. There may be more well-finished cattle for market this fall than in the fall of 1959. Prices are expected to continue close to current levels but could

# OUTLOOK

advance moderately late in the year, unless grass cattle marketings are unusually large. The supply of young cattle is greater than last year and increasing marketings will probably cause prices of feeders to decline. The decline is likely to be moderated by fairly good prospects for average feeding returns.

## Broilers

Broiler prices have been higher than last summer. Prices have declined, however, and are likely to drop further in the remaining months of 1960. The number of broilers now growing is about 5 percent larger than last year.



## Wool

Wool prices are expected to hold at current levels for the next month or two as buyers and sellers wait for a pattern in world prices to develop. On the domestic market recent demand has been for fine and half-blood wools in contrast to the earlier demand for medium wools. U.S. mill consumption of raw wool during January-July 1960 totaled about 5 percent less than the same period last year.

## Vegetables

Production of fresh market vegetables this fall is expected to be moderately larger than in 1959, and prices received by growers are likely to average moderately below those of last fall. Early fall cabbage and cauliflower production is substantially larger than last year's short crops and contributes heavily to this year's increase. Likewise crops of celery, early fall spinach,



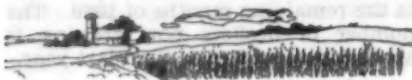
## OUTLOOK

### Continued

snap beans and cucumbers are also expected to be larger this fall.

### Turkeys

This year's turkey crop of 82 million birds equals last year's record, but the October and November slaughter is likely to be the same or lower. This reflects the reductions in the April-June hatches. The mid-September price to farmers was 24.6 cents per pound, compared with 22.4 cents for the same month in 1959. Prices are likely to continue above last year's until later this fall.



### Wheat

The 1960 wheat crop is the second largest on record, but support prices of most classes of wheat are holding fairly close to the effective support. Current market strength is primarily the result of large quantities being placed under loan, other withholding of wheat by farmers, and large export sales. Domestic disappearance in 1960-61, it is estimated, will be about 610 million bushels, leaving about 2,080 million bushels for export during the marketing year and for carryover on July 1, 1961.

### Cotton

The 1960 cotton crop was estimated as of September 1 at about the same size as the 1959 crop, about 14.5 million running bales. The carryover on August 1 was about 7.6 million bales. Including imports, the total supply for 1960-61 is estimated at about 22.2 million bales.

Disappearance is expected to about equal production, leaving the 1961

carryover about the same as this year. Exports during the current season should run about 6 million bales and domestic mill consumption may fall as much as half a million below the 1959-60 figure of 9 million. The average 14 spot market price for Middling 1-inch cotton in August was 30.75 cents per pound. This compares with 31.95 cents per pound in August 1959. The lower price reflects, in part, the lower support level for the current crop.

### Potatoes and Sweetpotatoes

Fall potato crops are estimated at 172 million hundredweight, 4 percent larger than last year—a tenth above average. Sweetpotato supplies in the current marketing season are expected to be about a fifth smaller than those of both last season and the average, while prices to growers and at retail are likely to average moderately to substantially above the levels of last year.



### Dairy

Prices of most dairy products are near those of a year ago. The average price received by farmers for all milk sold has been running about 1 percent over 1959 levels. In early September production of butter showed a larger increase over a year earlier than at any time in 4 years, and cheese the largest in 2 years. During August, milk production was up 1 percent over a year earlier, about the same as the average for the first seven months of 1960. Per capita consumption for this year is expected to fall to a record low, under 670 pounds, milk equivalent fat solids basis.

### The Farmer's Share

The farmer's share of the consumer's food dollar in July held to the June figure of 38 cents. In July of last year the farmer's share was 37 cents.

## EARLY FALL FARROWINGS DOWN BUT INCREASES ARE EXPECTED LATER

Early fall farrowings in leading Corn Belt States are down from last year. However, farmers' intentions indicate farrowings will increase during the late fall and winter quarters.

Here's the rundown:

### Fall Sows (June–November):

The number of sows farrowed and expected to farrow during June through November in 10 Corn Belt States (Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, South Dakota, Nebraska, and Kansas) is estimated at 4,270,000 head. This is 3 percent less than in 1959 but 14 percent above the 1949–58 average. Sows farrowed and expected to farrow June through November are below a year earlier in 7 of the States but above last year in South Dakota, Nebraska, and Kansas. Decreases are 8 percent in Ohio and Wisconsin, 6 percent in Indiana, 5 percent in Missouri, 2 percent in Illinois and Iowa, and 1 percent in Minnesota. The September 1 survey indicates a decrease of 10,000 sows from the farrowing intentions reported for these States as of June 1, 1960. Farrowings in these 10 States accounted for 73 percent of the U.S. pig crop in 1959.

June–August farrowings in the 10 States totaled 2,232,000 sows, 7 percent less than a year earlier. This was 1 percent less than was indicated for this period in June. These farrowings represent 52 percent of the estimated June–November total compared with the average of 51 percent. Farmers' reports indicate fewer sows farrowed during each month of the quarter than during the comparable period in 1959.

Intended farrowings during September–November this year in the 10 States total 2,038,000 head. This is 3 percent more than a year earlier and 11 percent above average—1 percent more than the farrowing intentions reported for these States in June. Four of the States—Ohio, Indiana, Wisconsin, and

Missouri—indicate fewer sows than last year during this quarter. Illinois indicates no change. Increases in farrowings ranging from 5 to 36 percent are intended in the other States—Minnesota, Iowa, South Dakota, Nebraska, and Kansas.

Breeding intentions indicate 1,789,000 sows to farrow during the 1961 winter quarter (December 1960–February 1961) in the 10 States. This would be an increase of 4 percent from the 1,713,000 that farrowed during the same period a year earlier. Increases were shown by 8 of the 10 States—Indiana shows no change from the previous year, while Nebraska shows a decline of 7 percent. Increases are: South Dakota, 30 percent; Iowa, 7 percent; Ohio, Illinois, Minnesota, and Missouri each 5 percent; Wisconsin 4 percent; and Kansas, 2 percent.

### Inventory

The number of all hogs and pigs on farms September 1, 1960, in 10 States totaled 45,819,000 head. This is 12 percent less than the 52,008,000 head a year earlier. Decreases in hogs on farms this September 1 compared to a year earlier range from 8 percent in Ohio to 25 percent in South Dakota. Hogs 6 months old and over totaled 8,200,000 head, 17 percent less than last year. The number under 6 months of age was 11 percent less than last September. Hogs and pigs 3 to 6 months of age were 13 percent below those held a year earlier. Pigs under 3 months of age were 7 percent below last year, while sows farrowed June–August were also 7 percent below a year earlier. This indicates litter size was about the same as a year earlier. The 15,616,000 pigs under 3 months old on farms September 1 accounted for 34 percent of all hogs. Hogs and pigs 3–6 months of age totaled 22,003,000 head, or 48 percent of all hogs.

F. W. Griffith  
Agricultural Estimates Division



## HERE ARE FACTS AND FIGURES ON LIVESTOCK SLAUGHTER PLANTS

More than 3,000 livestock slaughter plants in the United States are under Federal inspection or are non-Federally inspected with an annual output of 300,000 pounds or more on a live weight basis. There are another 6,500 plants with smaller production, but these smaller plants account for only about 1 percent of the total commercial slaughter.

These are some of the facts brought out in a recent report of slaughter plants made by Crop and Livestock Reporting Service offices throughout the land.

Of the 3,144 Federally inspected and "medium" to "large" non-Federally inspected plants, 530 or 17 percent were under Federal inspection. (A "large" plant slaughters over 2 million pounds, live weight, annually; a "medium" plant under 2 million but more than 300,000 pounds.) Federally inspected plants accounted for 81 percent of the total commercial slaughter live weight in 1959 and 78 percent in 1954. By species the percentages of live weight slaughtered in these Federally inspected plants were as follows: Cattle 78 percent in 1959 and 76 percent in 1954; calves 62 in 1959 and 60 in 1954; hogs 85 in 1959 and 83 in 1954; and for sheep and lambs 89 percent both years.

By species the percentages of live weight slaughtered in the "large" and "medium" non-Federally inspected plants were as follows: Cattle 21 percent in 1959 and 22 in 1954; calves 34 in 1959 and 36 in 1954; hogs 14 in 1959 and 13 in 1954; and for sheep and lambs 10 percent both years.

In the Federally inspected plants, livestock is slaughtered under the watchful eyes of inspectors in the Meat Inspection Division of USDA's Agricultural Research Service.

During the past 5 years there has been a drop in the total number of plants under Federal inspection plus "large" and "medium" non-Federally inspected plants. There were 3,217 such plants on March 1, 1955, with 455, or 14 percent, Federally inspected.

Ten years ago there were 3,238 such plants.

"Large" and "medium" plants not under Federal inspection totaled 2,614—some 148 fewer than in 1955. Of these, 902 were "large" plants. These plants made up 29 percent of the combined total for inspected plus "large" and "medium" non-inspected plants. In 1955 there were 952 "large" non-Federally inspected plants, 30 percent of the total.

The remaining 1,712 non-Federally inspected plants were "medium" in size. These accounted for 54 percent of the total number of inspected and "large" and "medium" non-Federally inspected plants. In 1955 there were 1,810 or 56 percent in this group.

### Plants Classified

Of the 3,144 slaughtering plants 962, or 31 percent, slaughtered all species in 1959—cattle and calves, sheep and lambs, and hogs. This combination tends to be more important in the Mountain and Pacific areas, where over two-thirds of the plants slaughtered all three species.

Plants slaughtering only cattle and calves represented 16 percent of the total. This classification is more numerous in the North Atlantic and East North Central areas, where nearly one-fourth of the plants slaughtered cattle and calves only.

About 40 percent of the plants slaughtered cattle and calves, and hogs, but not sheep and lambs. This combination was the most common in the United States, as well as in most areas. In the South Atlantic area, 62 percent fell into this class and in the South Central area, 61 percent.

Plants slaughtering cattle and calves, and sheep and lambs, but not hogs, make up about 8 percent of the total. The two areas leading the percentage of their plants slaughtering this combination are North Atlantic area at 16 percent and Pacific area at 13 percent.





Slightly more than 5 percent of the slaughtering plants in the United States slaughtered hogs only, compared with 4 percent in 1954. These plants tend to be more concentrated in the States bordering on or near the Eastern metropolitan centers. Only 3 plants in the United States slaughtered just hogs, and sheep and lambs. All these were located in the East North Central area. Nine plants in the United States slaughtered only sheep and lambs.

Of the 530 Federally inspected plants, 126 or 24 percent slaughtered all species—cattle and calves, sheep and lambs, and hogs. Plants slaughtering only cattle and calves totaled 185 or 35 percent. There were 93 establishments which slaughtered cattle and calves, and hogs. Eighty-two plants slaughtered cattle and calves, and sheep and lambs. There were 41 plants slaughtering only hogs.

Of the 902 "large" non-Federally inspected plants, 333 or 37 percent slaughtered all species. The 119 plants slaughtering only cattle and calves accounted for 13 percent of the total. Plants slaughtering cattle and calves and hogs totaled 306 or 34 percent of the group. Eighty-seven plants slaughtered cattle and calves and sheep

and lambs. Plants slaughtering hogs only totaled 54. One plant slaughtered sheep and lambs, and hogs. Two plants slaughtered only sheep and lambs.

Among the 1,712 "medium" non-Federally inspected plants, 503 or 29 percent slaughtered all species. Plants slaughtering only cattle and calves totaled 209, or 12 percent. Almost half of the "medium" plants—852—slaughtered cattle and calves, and hogs. Seventy-two plants slaughtered cattle and calves, and sheep and lambs. There were 70 plants in this group that slaughtered hogs alone, and 6 that slaughtered only sheep and lambs in 1959.

The map on this page shows the geographic location of the Federally inspected and "large" non-Federally inspected plants. This map points up the concentration of these plants in the metropolitan areas. Separate maps showing the location of the "medium" non-Federally inspected plants and the Federally inspected plants are available from the Crop Reporting Board, Agricultural Marketing Service, Washington 25, D.C.

Frasier T. Galloway  
E. B. Hannawald  
*Agricultural Estimates Division*

# WHEAT PLAYS IMPORTANT ROLE IN THE ECONOMY OF OUR NATION

Most of us know wheat is important to the national economy. We realize it supplies much of our basic food needs. We are aware that many people depend upon it for their livelihood. But how clear a picture do we really have of wheat's role in the national economy?

Perhaps the following facts and figures will give you a better picture.

In 1959, wheat farmers marketed an estimated 1,131 million bushels of wheat valued at close to \$2 billion. About 44 percent of this wheat was processed for food; 40 percent was exported; and most of the rest moved into storage.

Wheat accounted for 6 percent of the total cash receipts received by farmers from the sale of all farm products. Wheat ranked sixth among farm products in receipts from marketings. Wheat accounted for 37 percent of the receipts in North Dakota, 34 percent in Kansas, 33 percent in Montana, 25 percent in Oklahoma, and 23 percent in Washington.

Consumers in the United States spent over \$4 billion in 1959 on wheat products, some 7 percent of the total consumer expenditure for food. In our normal diet, wheat flour and cereal products, as now enriched, contribute 17 percent of the calories, 17 percent of the protein, 21 percent of the iron and niacin, and 28 percent of the thiamine.

During 1959, some 444 million bushels of wheat were exported. The value of wheat and wheat products moving into final use either domestically or abroad totaled over \$5 billion, a little more than 1 percent of the gross national product.

In 1959, economic activity associated with wheat through all of its phases from production, storage, transportation, processing, and final distribution to consumers involved an estimated 876,000 man-years of employment, or 1.3 percent of total civilian employment in the United States.

This employment estimate is a very rough approximation. It is virtually impossible to dissect the influence of an individual commodity in our complex economy. The figures that are available cover entire industries in which wheat is only one of the many commodities involved. Considerable judgment is involved in allocating that part of employment attributable to wheat and its products.

In the estimate we only included employment directly concerned with wheat and its products. We excluded the employment provided by wheat and wheat products industries indirectly in other industries, such as the automobile industry.

Employment associated with the production of wheat, that is, before it moves into the various channels of distribution, consists of the direct labor of farm operators, family workers, and hired workers who perform the various operations on the farm. It also includes the labor used to produce and distribute supplies and services used in the production of wheat.

In 1959, an estimated 109,000 man-years of labor were employed directly in the production of wheat. Another 55,000 man-years of employment were estimated to be required in industries producing fertilizer, insecticides, farm machinery, fuel, and other goods and services used in the production of wheat.

The activities of storing, processing, and distributing wheat require substantial labor to place wheat or products made from wheat through the channels of trade and into the hands of the consumer.

Employment associated with the processing of wheat or wheat products in 1959 is estimated at about 360,000 man-years. The bulk of such employment was in the manufacture of bread and related products, biscuits, crackers, flour, and meal.

The functions of storing, transporting, and distributing wheat and wheat products required an estimated 344,000

*(Continued on page 14)*

## WATCH CORN AND OAT PRICES

Oat prices have been higher than corn in 1959-60 and it now looks like they will average out above corn in 1960-61.

Prices of oats and corn have a way of getting out of line with each other. Usually a short oat crop, if accompanied by a big corn crop, will mean high oat prices compared with corn. This was the case in 1959-60. The 1959 oat crop was the smallest in 20 years, while farmers harvested a record corn crop.

Because of the short oat crop and bumper corn crop, oat prices have been bringing a premium over corn. Farmers received an average of 64 cents per bushel for their 1959 oats and \$1.03 per bushel for their corn. Oats have about 90 percent of the feeding value of corn pound for pound under average feeding conditions. Considering differences in weight and feeding value, corn at

\$1.03 per bushel would be equivalent to oats at 53 cents per bushel. So, the 64 cents per bushel for oats was 11 cents per bushel or about 20 percent higher than corn.

Variations in supplies have shown up in oat and corn prices in recent years. In 1955 when we had a bumper oat crop, farmers received an average of 60 cents per bushel for oats and \$1.35 per bushel for corn. The \$1.35 for corn would be equivalent to 69 cents per bushel for oats. So in 1955 the price of oats was about 9 cents lower than corn. Following the big 1955 crop oat production fell and prices rose a little above corn prices in 1956 to 1958, then jumped 11 cents above corn in 1959-60.

Oat prices are starting out high again this summer. In the summer months, oats normally reach their seasonal low when corn prices are at their seasonal high. Prices received by farmers for

### DIFFERENCE BETWEEN OAT AND CORN PRICES

[adjusted for weight and feeding value]

#### OATS CHEAPER THAN CORN

#### OATS HIGHER THAN CORN

MARKETING  
YEAR

difference per bushel  
in cents

difference per bushel  
in cents



1954



1955

1956



1957



1958



1959



## Corn and Oats—Continued

oats (per 100 pounds) in August of the 10 years 1949 to 1958 averaged only 81 percent of the price of corn. But in August this year oat prices averaged 95 percent of corn, substantially above the 10-year average.

The 1960-61 oat supply is only slightly above the small supply last year. The bigger crop this year is about offset by smaller July 1 carryover. The corn crop, however, is down only a little from last year's record and the total supply of corn for 1960-61, including the prospective record October 1 carryover, is bigger than last year. This would indicate that the chances are good for a continuation of relatively high oat prices in 1960-61.

Now, let's go back to the 1959 prices and see how the comparisons of corn and oat prices are made. That year, corn averaged \$1.03 per bushel. Corn at \$1.03 per bushel would be \$1.84 per 100 pounds. Oats have about 90 percent of the feeding value of corn. So, if corn is \$1.84 per 100 pounds an equivalent price for oats in terms of feeding value would be \$1.66 ( $1.84 \times 90$  percent) per 100 pounds for oats—or 53 cents per bushel (1.66 cents per pound  $\times$  32 pounds).

There is a short cut to these calculations. A rough rule of thumb method is to multiply the price of corn per bushel by .51. If corn were \$1.00 per bushel, then the equivalent feed-value price for oats would be 51 cents per bushel. If oats were higher than 51 cents, with corn at \$1.00, then oats would be more expensive feed than corn.

These price comparisons apply to average quality corn and oats. If the corn you are considering buying is of poor quality compared with the oats or visa versa, then this must be taken into consideration.

These comparisons assume the feeder is feeding balanced rations. The value of the corn or oats may be greater than indicated here if either grain makes up a comparatively small part of the ration. Variety of ingredients is generally desired in livestock rations. On the other hand, over-feeding of one of the grains may reduce its feeding value

for some types of livestock. Oats, for example, are higher in fiber than corn and should be fed in limited quantities to broilers where a high energy feed is desired.

Average prices of oats and corn over a longer period apparently reflect their relative feeding value. During the last 10 years prices received by farmers for oats (per 100 pounds) averaged 91 percent of corn prices—or about in line with their relative feeding value.

Malcolm Clough  
*Agricultural Economics Division*

## LARD—Continued

the uncertain situation with Cuba, our second largest customer, likely will result in smaller export of lard to that country in the year ahead.

The U.S. has benefited by bulk tanker shipments of liquid lard direct to the U.K. through the St. Lawrence Seaway and other ports. Bulk shipments reduce the delivered price in the U.K. by at least a cent a pound. The liquefaction shipping technique makes North American lard more competitive with Continental European lard in the British market. Counteracting this is the tendency of some of our foreign markets to limit imports so as to protect their own hog industry, or to aid production of vegetable shortening.

Exports, domestic use as lard, and domestic use in shortening are the three market outlets accounting for the total disappearance of lard. If estimated requirements for these outlets are substantially accurate, about 75 million pounds of lard will be carried over on October 1, 1961, about the same level as starting stocks the same date this year.

Lard prices (tankcars, loose, Chicago) for the entire 1960-61 marketing year are expected to average roughly 10 percent above the 8.2 cents per pound during 1959-60. Lard prices this fall, when hog slaughter increases seasonally may weaken some from current levels of about 9 cents per pound. However, they will remain well above the low average of 7.5 cents per pound in the fall of 1959.

George W. Kromer  
*Agricultural Economics Division*



## WANT TO INCREASE YOUR WOOL PROFITS?

Wool that is properly prepared and carefully handled usually can be sold at a premium over wool in poor condition.

Proper shearing is important and growers should supervise it carefully. Other points vital to good preparation are keeping the wool clean and dry, tying fleeces attractively, and packaging them properly.

The way wool is prepared for market influences quality and value of the finished cloth—and hence the marketability of the grower's clip.

Here's what the Livestock Division of USDA's Agricultural Marketing Service recommends you do when preparing wool for market.

1. Shear when wool is dry. Corral sheep in a clean, dry area to protect them from wet weather during shearing.

2. Shear on a clean, dry surface. Keep the broom handy and clean floors often.

3. Tag sheep before shearing or take all tags, dung locks, and stained pieces out of the fleece. Bag these separately.

4. Shear brisket and belly wool first. If this part of the fleece is contaminated with burrs or other foreign material it should be removed and packed separately. Pack short leg and face wool separately from body wool.

5. Remove the fleece in one piece. A broken fleece is more difficult to tie and never looks as good as a whole one.

6. Shear close to the skin so that a second cut will not be necessary. Second cuts reduce the overall staple length and decreases the value and usefulness of the fleece.

7. Tie the fleeces with paper twine. Don't decrease their value by using sisal (binder twine), rough jute, or hemp twines which may leave particles adhering to the wool. This carries through the manufacturing process and lowers the value of finished cloth.

8. Roll fleece with the flesh side out. To roll, spread the fleece out with the



A properly-tied fleece will look like the one on the right, not like the one on the left.

## Wool—Continued

flesh side down, fold in from the sides and ends, then roll from tail to neck. This brings the best parts of the fleece to the outside. Do not roll too tightly. The rolled fleece should have a lofty or springy appearance.

9. Tie each fleece separately, using only enough twine to tie it securely—8½ feet is usually enough. Don't pack an untied fleece unless it's only a 4-to-6 month's growth.

10. Pack off-wool separately. Keep burry, seedy, cotted (closely matted) fleeces and dead, black, and gray wool separate from the clean, white wool.

11. Pack fleeces tightly in regular-size wool bags. Mark each bag with grower's identification, bag number, weight, and kind of wool (ewe, ram, yearling, etc.)

12. Store bags in a dry, clean place.

13. Brand sheep with approved scourable fluids only. Fleeces branded with fluids definitely known to be scourable have greater value.

## Booklet

If you're interested in a booklet illustrating these tips on preparing wool drop us a card. We'll send you a free copy of "Preparing Wool for Market—How to Increase Profits." Our address is: Agricultural Situation, Marketing Information Division, AMS, USDA, Washington 25, D.C.

## WHEAT—Continued

man-years of employment in 1959. Employment in retail trade—bakeries, grocery stores, and eating places accounted for about 226,000 man-years or almost two-thirds of the total.

Activities of the Federal government relating to wheat, such as research, pest control, crop insurance, loans, marketing, and inspection, involve the equivalent of about 8,000 man-years. More than two-thirds of the employment relates to the commodity stabilization programs, such as the price support loan and storage activities and the Soil Bank Program.

Robert H. Masucci  
Agricultural Economics Division

## Food Processors Using More and More Potatoes

Have you taken a few minutes to check the number of food items on the grocery shelves that are made from Irish potatoes? If you have, you may realize that most of these items were not there 20 years ago, and in fact, several have been added to the list in the past 6 years.

Food processors used over 40 million hundredweight of fresh potatoes from the 1959 crop or about one out of every six bags produced in the United States. The quantity now utilized for processed food items is 40 percent more than was used 3 years ago from the 1957 crop.

Manufacturers of potato chips are the largest processors of fresh potatoes, using slightly more than 20 million hundredweight of the 1959 production. Another 10 million hundredweight went into the frozen food items with 8.7 million going into frozen French fries alone. Processors of dehydrated potatoes, a product developed during World War II and recently given a real boost by new processes for making flakes, granules, and slices, used 7.7 million hundredweight from the 1959 crop, or double the volume of two years earlier. Another 2.4 million hundredweight of potatoes went into canned potatoes and canned products. The volume of fresh potatoes used for canning and canned products has not changed significantly in the past three years.

The quantity of potatoes used from the 1959 crop in the manufacturing of potato products is still small in comparison with the 143 million hundredweight sold by farmers for table stock. However, the volume sold for table stock has held around the 143-145 million hundredweight level for the past three years. The increase in consumption of potatoes has been through the increased use of processed potato products.

Further expansion in processed products seems inevitable. Several firms are constructing new facilities while others are expanding. Most of the additional facilities are for the manufacture of frozen French fries, dehydrated potatoes, and chips.

Oakley M. Frost  
Agricultural Estimates Division

# *"Bert" Newell's*

## Letter

The other day, as I came into the office, one of our secretaries was holding her hand and looking quite miserable. Naturally, I wondered what the trouble was. She said she had mashed her fingers in the car door. It really did look like a bad pinch, and I knew it hurt. She said she didn't see why I couldn't tell you about it. "After all," she said, "You wrote about cutting your finger, and I don't see why you shouldn't write about mine."

Well, now, I use a good many far-fetched topics, but after all—so your secretary mashes her finger or stubs her toe—what's that got to do with the price of eggs? But you know, so far as the work of this office is concerned she really has a point. Her finger is much more important than mine.

Just take this letter. I could have both arms in a sling, but I could still dictate it. But she has to take notes and type the copy. Of course, she has to straighten out what I say so we have complete sentences. Then I use a lot of words I don't know how to spell and maybe I mumble some of them. So, she has to figure out what word I used and spell it right, and then get the copy on to the editors. This requires head-work and both hands in operating condition.

Of course, the Division wouldn't fall down if this letter didn't get written; I was only using this as a "for instance." One thing is for sure, though. If we didn't have competent secretaries to keep our office running smoothly, we would do a lot of stumbling around and the old red tape would get snarled up worse than a kitten with a ball of yarn. If the red tape gets snarled up—Katy, bar the door.

Any organization to operate smoothly must have good communications. Just look at our Division, and it is relatively small, but decentralized in 43 State offices extending from Boston to Honolulu and from Florida to Alaska. We

cover about 150 crops; all species of livestock and poultry; a long, long list of prices; farm labor and wages; and so on. All of these have to be coordinated so that each State report will tie in with each other State. Every individual has to fit in and operate efficiently to get the job done right. Take out one piece, and the whole machine begins to rattle. Timing gets off, and first thing you know everything is at sixes and sevens, and you don't know where you are. It's the old story of the well regulated watch; everything has to work together. And in our shop that means everybody from the mailroom clerk who maintains the list and sees that the schedules go out on time so they'll get back in time to be used, the people who tabulate the reports, the statisticians who analyze them, all the way through the Crop Reporting Board procedure to the girls who type the final report for mimeographing and final release.

But let's get back to our secretary. Of course, she does a lot of things besides just type letters, reports, and so on. A lot of things come into this office that have to be handled here or some place else. All of this means communications, the great bulk of which requires letters or notes. So, if one of our secretaries is handicapped, it just might throw the machine out of balance. Those sore fingers were really important. Nothing very serious happened, of course, because the other girls, realizing the importance of keeping things moving, pitched in and helped out until she got back to normal. Isn't it surprising how seemingly little things can make such a difference?



S. R. Newell  
Chairman, Crop Reporting Board, AMS





